

Town of Rockport

Minutes of Finance Committee Meeting March 11, 2013

The Committee convened at 7:00 pm in the Library and adjourned at 9:00 pm. Chairman Michael Hughes presided; Wally Hess, Frank Hassler, June Michaels, Michael Lamoureux, Bill Wagner and Laurene Wessel attended. Also attending were Selectman Erin Battistelli, the DPW Commissioners, DPW Director Joe Parisi, Town Accountant Roberta Josephson, Town Treasurer Carrie Arnaud, Town Moderator Bob Visnick, Eric Hutchins, and a member of the Long Beach Association.

Minutes

June Michaels moved, Frank Hassler seconded, and the committee voted to approve the minutes of March 4th.

Reserve Transfers

There were four transfer requests:

1. \$11,250 to repair Bearskin Neck seawall near White Wharf. Wally Hess moved, and Frank Hassler seconded, and the committee voted to approve.
2. \$12,000 to rent an excavator for waterfront repairs, mostly at the Pebble Beach seawall. June Michaels moved, Wally Hess seconded, and the committee voted to approve.
3. \$15,000 for various DPW expenses incurred over the current FY. DPW will provide specific language to describe these expenses. Laurene Wessel moved, Bill Wagner seconded, and the committee voted to approve.
4. \$30,000 to pay increased DPW fuel cost. Some of this was increased price, and some was increased plowing. June Michaels moved, Laurene Wessel seconded, and the committee voted to approve.

After these transfers, there is about \$200,000 remaining in the Finance Committee reserve account. Joe Parisi expects that there will be an additional request for snow and ice removal of about \$65,000 later this spring if there are no more significant storms.

FY2014 Warrant Articles

The DPW was in attendance to discuss Article L, Long Beach erosion study, at \$75,000. In the March 4th meeting, the Committee voted to recommend against this request. Mike Hughes moved, Wally Hess seconded, and the Committee voted to approve a motion to reconsider that recommendation. After considerable discussion, including more information about the objectives of the study, along with skepticism expressed about the validity of any study, June Michaels moved, Laurene Wessel seconded, and the Committee voted 5 to 2 to approve that the Committee recommend Article L. The source of funds will be a \$75,000 reduction in the deposit to the OPEB Reserve.

The DPW requested \$25,000 for emergency repairs to the Long Beach sidewalk, in the form of Article G of STM. This amount would be funded by Free Cash. The reduction of Free Cash will be reflected in a further reduction of the deposit to the OPEB Reserve.

Roberta Josephson discussed the temporary debt for the Millbrook Dan project. It may be adjusted downward by about \$40,000 after all final bills are in and after the Town receives the reimbursement

from FEMA. No action is required at this time.

We discussed the letter from the Committee to the Board of Selectmen concerning Article S. Michael Hughes moved, and Frank Hassler seconded, and the committee voted to approve the letter as described in the attachment. There was discussion about the Committee's recommendation of Article S. Michael Lamoureux moved, Wally Hess seconded a motion to have no recommendation. That motion failed 4 to 3, and the Committee will recommend approval of Article S.

FY14 Budget

We received further information that Health Insurance will increase by only 1.75%. Recalculating the budget now results in excess tax levy of \$158,800.

The Committee voted to accept the draft of its letter to the voters subject to minor adjustments to be made by Michael Hughes, Wally Hess and Frank Hassler.

Upcoming Meetings

Monday March 18, 7:00 pm, Library - ?

Monday, March 25, 7:00 pm, Library - ?

Monday, April 1, 7:00 pm - Library - ?

Saturday, April 6, 8:30 am, School gymnasium - Annual Town Meeting



Rockport, Massachusetts

Finance Committee

March 11, 2013

To: The Board of Selectmen

From: The Finance Committee

Subject: 2013 ATM Warrant Article S, Long Beach Lease Term Extension

Dear Chairwoman Battistelli and Members of the Board of Selectmen

The Finance Committee has a number of concerns regarding Article S, which would eliminate the 10-year maximum term of Long Beach lease renewals. The Committee recognizes that this article does not obligate the Board of Selectmen to extend the leases beyond what is currently allowed but only gives you the option of extending the terms should you feel it is appropriate. Nonetheless, the Finance Committee has identified the following issues that we feel should be addressed when deciding on the terms and term duration of the Long Beach leases. We believe that these issues could have a major impact on the Town's long term financial health.

- Town responsibility regarding maintenance and repair of the seawall. Although, existing studies have indicated that it would cost approximately \$14 Million to repair the existing seawall, recent indications are that FEMA may require height increases to protect against a 1% storm. Should this happen, the cost to refurbish the seawall will substantially increase. Leases of any term should contain explicit language requiring rental rates to increase to help offset any expected or unexpected expenditures associated with the seawall or other costs of existence near the ocean. The longer the lease term, the more important that this language be strong enough to avoid possible challenges. Unforeseen expenses could expose the Town to many years of an uneconomical situation.
- Over time, the market for land rental rates near the ocean could change substantially, either up or down. Any long term lease should contain rental adjustments to market rates on a regular basis
- Town liability regarding the maintenance of the seawall and surrounding area must be thoroughly addressed regardless of the lease term. The longer the term, the more difficult it is to foresee possible liability. The Town should be able to take any action or no action with respect to the seawall and have no liability to the tenants regardless of the outcome. If the Town were somehow held liable for the loss of the property behind the seawall, it would likely result in severe economic consequences for the town.
- Town responsibility and liability regarding maintenance of the beach proper. Long Beach, like many Massachusetts beaches, has experienced sand erosion over the years. This continuing erosion may seriously degrade the quality of the

beach for the public and also may affect the seawall structural capability. The DPW is proposing a study to understand the Long Beach erosion outlook and to define methods of preserving the beach.

The Finance Committee respectfully requests that the Board of Selectmen ensure that new or revised leases incorporate language which address the above listed concerns and that you limit Long Beach lease terms to the shortest period feasible.

Sincerely,

For the Finance Committee

Michael Hughes, Chairman